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SUBJECT: NIGERIA: BI-WEEKLY POL/ECON UPDATES FOR OCTOBER 1-15,  
2008

11. (U) The Following is a joint Embassy Abuja, ConGen Lagos  
compilation of October 1-15 political/economic highlights, which did  
not feature in our other reporting, covering:

--Economic and Business  
--Oil and Gas  
--Politics  
--Delta Kidnappings

Economic and Business News  
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12. (U) INTEREST RATES FOR BANKS: At the beginning of October, the  
CBN published commercial bank lending and deposit rates on its web  
site. Of the 24 banks, Diamond Bank provides the highest interest  
rates on deposits at 15.75%, while the UBA has the lowest rate at  
4.66%. For lending, bank interest rates vary by sector and are as  
high as 28%.

13. (U) SOVEREIGN WEALTH FUND: As reported in the press at the  
beginning of October, the Minister of Finance, CBN Governor and the  
President's Chief Economic Advisor jointly submitted a draft  
proposal for a sovereign wealth fund to the President, after a year  
of deliberations. The fund would divert a percentage of GON's  
revenues to be invested in international markets, providing a  
cushion when oil prices fall. Establishment of such a fund would  
likely have to be embedded in the Constitution.

14. (U) SENATE AUDITS FEDERATION ACCOUNT: On October 6 the Senate  
requested the Auditor-General of the Federation to audit the  
Federation Account fund for disbursements between 1999 and 2007.  
The audit will focus on cash flow to all federal agencies.

15. (U) DEBT MANAGEMENT DEPARTMENTS OPEN IN 31 STATES: On October 2,  
the federal Debt Management Office (DMO) disclosed that 31 states  
have established Debt Management Departments (DMDs). The  
Director-General of the DMO, Agham Nwankwo, reported that all  
states agreed to establish DMDs but these are currently at various  
stages of formation. Most of the DMDs are operating under the State  
Ministries of Finance while some are housed in the state governor's  
office.

16. (U) NCS COLLECTED \$1 BILLION FROM IMPORT TAXES SINCE 1999: On  
October 8 the Deputy Comptroller General of the Nigerian Customs  
Service (NCS) announced to the Ad-hoc Senate Committee on the  
Investigation of the Transportation Sector that NCS collected over  
120 billion Naira (\$1 billion) from import duty taxes from 1999 to  
present.

¶7. (U) PANALPINA LEAVES NIGERIA: On October 2, Worldwide Premier Logistics and Solutions Nigeria (WPLSN), Limited took over the business operations of Panalpina World Transport Nigeria Limited, a multi-national freight company. According to press reports Panalpina officials engaged in unethical practices, including bribing Nigerian Custom officials. Panalpina was heavily involved in supporting the oil and gas sector.

¶8. (U) FRANCE AND NIGERIA SIGN MOU ON ELECTRICITY: On October 8, Nigerian Minister of State for Energy (Power), Fatima Ibrahim and French Minister of State for Foreign Trade, Anne-Marie IDRAC, signed a Memorandum of Understanding (MoU) to boost electricity supply in Nigeria. Press reports on the terms of the MoU indicate that the GON "will engage the French national transmission system, Reseau de Transport d'Electricite (RTE) in a discussion on the possibility of conducting an audit of the power sector in order to establish the necessary interventions required for a speedy restoration of capacities in the generation, transmission and distribution of electricity in Nigeria." The Minister of State for Energy underscored that the MoU was important in the furtherance of adequate and reliable electricity supply for socio-economic development of the country.

¶9. (U) GON RECEIVES WORLD BANK URBAN DEVELOPMENT GRANT: On October 6, World Habitat Day, Minister of State for Environment, Housing and Urban Development Chuka Odom reported that the GON received a \$110 million grant under the World Bank Community Based Urban Development Project to invest in critical urban infrastructure in eight states. He explained that the grant was part of the Ministry's involvement in several international bilateral and multilateral programs directed at urban infrastructure development.

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¶10. (U) SCHOOL CHILDREN ABSENCES HIGH IN NORTHERN NIGERIA: During the Northern Nigeria Economic and Investment Summit in Abuja on October 13, Minister of Finance Shamsudeen Usman quoted a World Bank statistics figure that Northern Nigeria has the highest rate of children not enrolled in schools. Usman said he holds northern Nigerian leaders responsible and called for experienced and educated retired northerners to get involved with education.

¶11. (U) NORTHERN NIGERIA ECONOMIC AND INVESTMENT SUMMIT: Participants at the October 13 Northern Nigeria Economic and Investment Summit in Abuja also blamed the poor economy for the lack of peace in central parts of Nigeria. The Summit was poorly attended by State Governors. Of the 19 Northern leaders only Bauchi State Governor Alhaji Isa Yugunba and Zamfara State Governor Alhaji Ibrahim Shinkafi were present. According to press reports, the Sultan of Sokoto, who attended the conference, called for the political will to reposition the North, stating, "The North, in the past, created wealth and this must be repeated." He challenged the Summit to revive the textile and groundnut industries.

#### Oil and Gas

¶12. (U) PETROLEUM CONTRACTOR TRADE SECTION FORMED: Oil service companies have banded together as the Petroleum Contractors Trade Section (PCTS) of the Lagos State Chamber of Commerce. Like the Oil Producers Trade Section (OPTS), the group will represent members' interests to Nigeria's federal and state governments. Steve Fulgham of Schlumberger is head of PCTS.

#### Political News

¶13. (U) FORMER GENERAL BUHARI PRESSES HIS CASE: On October 2, The Guardian Newspaper reported that retired General Muhammadu Buhari said he will not withdraw his case from the Supreme Court despite pressure from the ANPP because his campaign represented both the ANPP and seven additional political parties. Rumors continue to circulate regarding the Supreme Court's upcoming decision; on October 2 SaharaReporters claimed that their sources revealed that President Yar'Adua had worked out an understanding with the Court to uphold his election. On October 3 the Daily Trust and ThisDay reported that Yar'Adua's Special Adviser on Media and Publicity, Olusegun Adeniyi said "Buhari was swimming against the tide as far

as his case against the president was concerned, as he had not only a weak case, but had also lost the backing of his political party on which he contested the election." However, Adeniyi added that Buhari is known for his integrity, has a lot to contribute to Nigeria, and will not be ignored by Yar'Adua after he wins the case.

Following these reports, the Action Congress (AC) issued a statement cautioning the President against predicting the decision of the Supreme Court, calling the President's statements dangerous and contributing to cynicism among Nigerians on whether the courts can act independently.

¶14. (U) MINISTERS AND AIDES UNDER SURVEILLANCE: On October 6, a week after aides within the Executive Branch were administered an oath of secrecy, the Punch Newspaper reported that ministers and aides to the President and Vice President were "panic stricken" following suspicions that their telephone lines may be bugged. The Punch quoted an aide as saying, "Since the day they administered the oaths of secrecy on us, we have been placed under special surveillance."

¶15. (SBU) EFCC DETAINS STATE OFFICIALS: On October 6, the Economic and Financial Crimes Commission detained the Secretary to the State Government of Rivers State, Magnus Abe, and the Chief of Staff to Rotimi Amaechi, the Governor of Rivers State, Nyeson Wike. Mr. Abe was released after 48 hours, but Mr. Wike was charged with diverting 5 billion Naira (\$43 million) in public funds to personal accounts. He was granted bail by a court in Abuja for 50 million Naira (\$427, 350); hearings will continue later this month. Wike, Abe and Governor Amaechi have denied all wrong-doing on the part of Rivers State Government officials, but the Movement for the Emancipation of the Niger Delta (MEND) was quick to issue a statement claiming: "The recent revelation by the Economic and Crimes Commission (EFCC) of huge financial crimes by top government functionaries in the Rivers State government...just confirmed what MEND has always known."

¶16. (SBU) THE SOURCE OF PROBLEMS IN THE DELTA REGION: Ebruke Esike, Executive Director of Global Peace Development, an NGO based in

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Delta State, told ConGen Lagos Poloff on October 10, that the source of all problems in the Niger Delta is the absence of credible elections. He claimed, "if we had elections, these crooks wouldn't be in power." Esike claimed that these unelected governors created the militants and keep them alive by paying them off. What is happening in Rivers State is simply a "clash of titans" as Governor Rotimi Amaechi tries to replace his predecessor's militants with his own followers. In Delta State, Governor Emmanuel Uduaghan allegedly pays the primary militant, "Tom Polo," six million Naira (\$51, 200) monthly to keep quiet, but if the same money were invested in infrastructure it would not be necessary to make pay-offs, Esike argued. According to Esike, the rank-and-file militants see little more than 200 Naira (less than \$2) a month and would give up the life in the camps for a job paying more than that. As Esike put it: "a military leader without followers is nobody, so the problem of militants would go away if there were sufficient infrastructure to start creating jobs."

Delta Kidnappings; No Americans Involved

¶17. (U) BRITISH HOSTAGE RELEASED: On October 4, a British citizen taken from his home in Port Harcourt on Sept. 15 in what appears to have been a purely criminal kidnapping, was released.

¶18. (U) FILIPINO HOSTAGES RELEASED: In a separate incident on October 4, gunmen kidnapped five Filipino workers from the MV Averø during an attack on the oil service vessel three nautical miles from the Bonny Fairway Buoy. A speedboat carrying twelve gunmen attacked the vessel and took six hostages, including the boat's captain and two engineers. No group has claimed responsibility for the attack, but the Filipinos were released October 13.

¶19. (U) NIGERIAN HOSTAGES RELEASED: On October 5, the Movement for the Emancipation of the Niger Delta (MEND) issued a statement that it had released 19 Nigerians kidnapped from an oil supply vessel the H.D. Blue Ocean on September 9. (Note: Two South Africans taken at the same time were released September 13.) MEND claims to be holding the remaining five captives (two Britons, a Ukrainian, and

three Nigerian cooks) for "security concerns" described as "the threat of an ambush by the Joint Task Force JTF, on the Niger-Delta."

¶20. (U) FISHING TRAWLERS SEIZED: On October 16, eight fishing trawlers were seized by armed men while trawling off Bayelsa State. All 96 crew members were taken hostage. Although the incident was reported to the Nigerian Navy, they claimed "not to have jurisdiction."

¶21. (U) PIRATES ATTACKS OFF NIGERIA'S COAST: Pirates attacked three ships off Bayelsa State on October 25. The first ship was under contract to Addax. Ten French and Nigerian nationals were taken and released the same day. Second ship, reportedly under contract to Total, escaped with bullet holes in the hull. No hostages were taken. Third vessel was unidentified. Pirates reportedly robbed crew of cell phones and valuables. No Americans were involved in these attacks.

SANDERS